

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

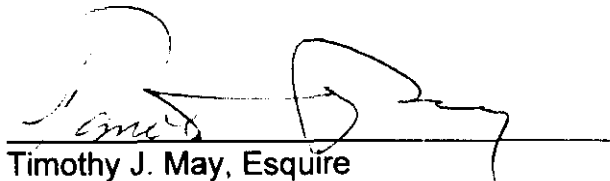
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POSTAL RATE AND FEE CHANGES, 1997 : Docket No. R97-1

NOTICE OF PARCEL SHIPPERS ASSOCIATION CONCERNING ERRATA TO THE DIRECT TESTIMONY OF WITNESS JAMES V. JELLISON (PSA-T-1)

The Parcel Shippers Association (PSA) hereby files a revised pages 4, 5 and 24 of the Direct Testimony of James V. Jellison, as attached hereto. This errata is filed to correct some of the reported numbers of respondents to the PSA survey and the reported volumes of First Class non-standard pieces.

Respectfully submitted,



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Dated: January 28, 1998

- Twenty-four (24) respondents used both USPS and UPS for their Standard (B) parcel post to some extent.
- Of the thirty (30) who reported using UPS, fifteen (15) reported having special contract rates for their shipments.
- Sixteen (16) respondents reported shipping 8,043,000 parcels by a carrier other than USPS and UPS. This represents almost three percent (3%) of the total category of over one (1) pound parcels, which is up from the results of previous surveys conducted over the years, which typically reported less than one percent (1%) of total parcels shipped by a carrier other than USPS or UPS.

A. Degree Of Presorting And Mail Preparation

The survey also asked a series of questions attempting to ascertain the current degree of presorting and preparation, and the willingness of members to do more worksharing or to use a consolidator in order to qualify for the Postal Service's proposed drop shipping discounts. Those results show the following:

1. OMBC Discount

- Of twenty-seven (27) who responded to whether they are currently eligible for the OMBC discount, seventeen (17), or sixty-three percent (63%) ,responded that they were.
- Of the ten (10) who responded that they were not eligible, four (4) stated that they would do the work in order to qualify for the discount and six (6) said they would not. In addition, there were four (4) respondents who report that they currently qualify for a part of their shipments and who would do the necessary work to qualify the remainder of their shipments in order to earn the discount.

2. DBMC Discount

- Of twenty-eight (28) respondents, eighteen (18), or sixty-four (64%) reported that they are currently eligible for the DBMC discount. Of the ten (10) who said they were not currently eligible, four (4) said they would do the work to qualify and six (6) said they would not. Four (4) of the eighteen (18) who responded that they currently qualified for part of their shipments said that they would do the necessary work to qualify the remainder of their shipments for the discount.

3. DSC Discount

- Of the thirty (30) who responded, only four (4) said that they currently would qualify for the DSC discount. And of the twenty-six (26) reporting they did not currently qualify, eleven (11) said that they would do the work to qualify and fifteen (15) said they would not.

(There were two (2) respondents who already use consolidators and therefore they were not counted as respondents to this series of questions.)

- Another nineteen (19) respondents stated that they would use a consolidator in order to qualify; this included ten (10) of those who had already responded that they would do the work in order to qualify. This is a fairly significant number because it suggests that twenty (20) of the twenty-six (26) respondents, or seventy-seven percent (77%) of those who do not qualify would do what is necessary, including using a consolidator, in order to earn the Destination Sectional Center discount.

We have to ask again: why has USPS singled out this insignificant portion of a rate category that is, in turn, only part of one of several subclasses of Standard (A).

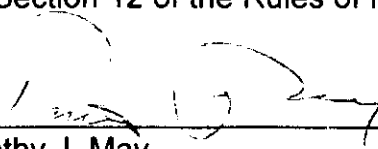
What about First Class?

A. FIRST CLASS SHAPE COSTS: FLATS VERSUS PARCELS

According to Exhibit USPS-43C, there are a total of 383.2 million non-standard pieces of First Class Mail; of this total there are 73.6 million letters; 282.4 million flats; and 27.2 million parcels. The parcels comprise 7.1% of the total. In light of the USPS proposal for a parcel surcharge in Standard (A), one wonders why there is a uniform surcharge for non-standard FMC letters, flats, and parcels when there are such great cost discrepancies in their mail processing. More particularly, why is it that non-standard first class parcels, which according to the study cost 16¢ more per piece to handle than flats, do not pay any more than the non-standard flats? And, why don't the flats pay more than letters? This seems a significant enough segment of mail volume, 383.2 million pieces, to warrant discrete treatment. In fact, First Class mail parcels constitute 8.7% of the total of non-standard first class flats and parcels; whereas Standard (A) parcels constitute only 3.5% of all commercial nonletter Standard (A) mail. If the Service believes an insignificant percentage of a category of mail such as Standard (A) parcels should be singled out for special rate treatment to cover its cost differentials, why isn't the larger percentage of parcels in First Class mail singled out for a special surcharge to cover its cost differential.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.



Timothy J. May

Dated: January 28, 1998